RESOLUTION NO. 12

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK FINDING THAT EACH LOAN BETWEEN THE CITY OF BURBANK AND THE FORMER REDEVELOPMENT AGENCY WAS FOR A LEGITIMATE REDEVELOPMENT PURPOSE AND THAT SUCH LOANS ARE ENFORCEABLE OBLIGATIONS.

THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK FINDS:

- A. The City Council adopted Ordinance No. 2223 on April 12, 1970 establishing the former Redevelopment Agency of the City of Burbank and through Resolution No. 15,505 declared itself to be the Agency Members.
- B. The City and Agency entered into a master loan agreement on September 29, 1970 titled: "Agreement between the City of Burbank and the Redevelopment Agency of the City of Burbank Establishing Certain City-Agency Relations" (1970 Agreement). 1970 Agreement was amended in 1972, 1985 and finally in 2003. The 1970 Agreement as amended from time to time governed the relationship between the two entities. It was the authority for the City to advance services, facilities, personnel and money to the Agency and this Agreement consistently was reported on Agency's annual statement of indebtedness.
- C. The Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Burbank ("Oversight Board") has been established to direct the Successor Agency to the Redevelopment Agency of the City of Burbank ("Successor Agency") to take certain actions to wind down the affairs of the former Redevelopment Agency of the City of Burbank ("Agency") in accordance with the requirements of Assembly Bill 26 ("AB1X 26"), also known as Chapter 5, Statutes 2011, First Extraordinary Session, which added Part 1.8 and Part 1.85 of Division 24 of the California Health and Safety Code, and Assembly Bill (AB) 1484, also known as Chapter 26, Statutes of 2012, which made certain revisions to the statutes added by AB1X 26.
- D. The Department of Finance (DOF) by letter dated Oct. 15, 2012 concluded that Agency's 1970 Agreement was not an enforceable obligation under AB1X 26. Instead, the letter states: "Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause these items to be enforceable in future ROPS periods."

- E. Pursuant to Section 34191.4 of the California Health and Safety Code, enacted as part of AB 1484, after issuance of a "Finding of Completion "(hereafter "FOC") from the DOF, loan agreements between the former redevelopment agency and the city which established the agency, shall be deemed to be an enforceable obligation, when the Board makes a finding that the loan was for legitimate redevelopment purposes.
- F. The FOC has been issued to the Successor Agency of the Redevelopment Agency of the City of Burbank by DOF dated May 16, 2013, and now Successor Agency desires that the Board make the necessary finding concerning the City of Burbank and the former Redevelopment Agency of the City of Burbank debt.
- G. The former Redevelopment Agency of the City of Burbank confirmed this outstanding debt in March, 2011 through Resolution No. R-2246, and included the debt on the Enforceable Obligation Payment Schedule and on prior Statements of Indebtedness. The outstanding debt is set forth below, and involves four transactions, hereafter referred to as loans and loan agreements.
- H. Payments approximately in the amount of 1/10th of each balance of the four loans have previously been allowed for by DOF as reflected on ROPS I.
- I. Health and Safety Code Section 33020 defines redevelopment as the "planning, development, replanning, redesign, clearance, reconstruction, or rehabilitation, or any combination of these, of all or part of a survey area, and the provision of those residential, commercial, industrial, public, or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them ...".

THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF BURBANK RESOLVES:

- 1. The loans relating to the mall-Burbank Town Center- and adjacent commercial buildings (City Centre Ioan Current Balance \$40,412,000 and City Centre Sales Tax Coop Ioan Current Balance \$12,401,114) are for legitimate redevelopment purposes. This finding is based on the following:
 - a) City Centre Ioan- Current Balance \$40,412,000

In 1985 the City and the former Agency executed a Cooperation Agreement totaling \$49.621 million. These funds were used to assemble a 41-acre project site, now known as the Burbank Town Center. Site assembly costs included expenses related to: acquisition; site clearance; relocation; environmental assessment; and a variety of "soft" costs such as planning, appraisal, survey, engineering, financial, and other such services.

- b) City Centre Sales Tax Coop loan Current Balance \$12,401,114
- i) Background to this loan: As part of the sale of the cleared and assembled forty-one acres, the former Agency and the mall developer (Alexander Haagen) entered into a Disposition and Development Agreement (and later a First and Second Implementation Agreement). The Agency agreed to pay the mall developer an amount of money equal to all of the sale tax generated by a portion of the mall near Macy's (then Bullocks) and from certain commercial buildings adjacent to the mall and built as part of the mall deal (then Circuit City, El Pollo Loco, and Office Depot). The funds were to be used to help finance construction of portions of the mall, adjacent commercial buildings, and related parking. At that time, the City Center Project Area did not generate enough cash flow to allow the Agency to pay the mall developer this money, so the only way the mall developer could be paid was by the City rebating the sales tax directly to the mall developer.
- ii) Sales Tax Coop: In 1995 and 1998, the City and former Agency entered into cooperation agreements and promissory notes that required the Agency to repay City those amounts that the City directly rebated to the mall developer. Without this sale tax rebate, and without the City's involvement at that time, portions of the mall and related commercial buildings and parking would not have been constructed.
- c) In accordance with Health and Safety Code Section 33020, the loans relating to the Burbank Town Center are for legitimate redevelopment purposes in that they involved planning, development, and site clearance, of all or part of a survey area/project area, and the provision of commercial, public, or other structures or spaces as may be appropriate or necessary in the interest of the general welfare.
- 2. The loan for formation and planning during the early days of redevelopment project areas (specifically West Olive loan Current Balance \$202,500 and South San Fernando loan– Current Balance \$172,243) are for legitimate redevelopment purposes. This finding is based on the following:
- a) West Olive Ioan– Current Balance \$202,500
 With the establishment of the West Olive Redevelopment Project in 1976, the City and former Agency entered into Ioan / agreements totaling \$225,000, between the years of 1977 through 1979. These advances/Ioans included a seven percent, per year, interest rate. However, no interest will be applied on a go-forward basis. These Ioan funds were used to pay Project Area/survey area planning costs in the early years when tax increment revenues from the Project Area were very limited, as was a common practice in all redevelopment agencies. These costs included Agency staffing, consultant expenses, and other planning activities.
- b) South San Fernando loan Current Balance \$172,243 In 1998 the City and former Agency executed a cooperation agreement to document a City loan of \$191,381. These funds were used for consultant costs related to the

planning, and formation of the South San Fernando Redevelopment Project Area. The project area was established in July 1997, and all of the costs were for activities related to Project Area formation.

- c) In accordance with Health and Safety Code Section 33020, the loans relating to the formation and early days of West Olive and South San Fernando Project Areas are legitimate redevelopment purposes in that planning all or part of a survey area occurred, which allowed the provision of residential, commercial, industrial, public, or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them.
- 3. The City -former Agency loans of City Centre loan (Current Balance \$40,412,000); City Centre Sales Tax Coop loan (Current Balance \$12,401,114); West Olive loan (Current Balance \$202,500); and the South San Fernando loan (Current Balance \$172,243) are all loans which the Boards finds were for legitimate redevelopment purposes.
- 4. The Successor Agency Implementing Official is instructed to reflect the loans set forth in Resolves No. 3 as enforceable obligations on all ROPS, beginning with the ROPS 13-14B,in accordance with Health and Safety Code Section 34191.4.

PASSED and ADOPTED this day of September, 2013.

Chair of the Oversight Board of the Successor Agency to the Redevelopment

Agency of the City of Burbank